

BYLAWS
OF
TARTESSO COMMUNITY ASSOCIATION

ARTICLE 1
IDENTITY

1.1 The Association. These Bylaws shall govern the operation of the Tartesso Community Association, an Arizona nonprofit corporation (the "Association"), formed pursuant to that certain Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Tartesso™ (the "Declaration"), as it may be amended from time to time, which was first recorded in the records of the County Recorder of Maricopa County, Arizona on January 3, 2005, at Document No. 2005-0005579.

1.2 Terms. Unless otherwise defined in these Bylaws, capitalized terms and phrases used herein shall have the same meanings given those terms and phrases in the Declaration or the Articles of Incorporation of the Association, as amended from time to time (the "Articles").

1.3 Priority of Articles and Declaration. The provisions of the Articles and the Declaration shall have priority over these Bylaws, and any provision of these Bylaws that is contrary to or inconsistent with the Articles or the Declaration shall be void to the extent of the inconsistency. Except as otherwise provided in the Declaration, the Articles or these Bylaws, the provisions of the Arizona nonprofit corporation act, A.R.S. §§ 10-3101 et seq., and the Arizona planned communities statutes, A.R.S. §§ 33-1801 et seq., as may be amended or modified from time to time, or any successor statute or law thereto, shall govern the regulation and management of the affairs of the Association.

1.4 Principal Office. The principal office of the Association shall be located at 6730 N. Scottsdale Road, Suite 230, Scottsdale, Arizona 85253.

ARTICLE 2
MEMBERSHIP; MEETINGS

2.1 Membership. The Members of the Association and their voting rights shall be as provided in the Declaration. It is hereby acknowledged that the Declaration may be amended or supplemented from time to time to change the qualifications and requirements of the Members and their voting rights.

2.2 Location of Meetings. Meetings of the Members shall be held at such place as may be designated by the Board of Directors of the Association (the "Board") and stated in the notice of meeting.

2.3 Annual Meeting. An annual meeting of Members shall be held on such date and at such time as shall be designated from time to time by the Board and stated in the notice of the meeting for the purpose of transacting business authorized to be transacted by the Members.

2.4 Special Meetings. Special meetings of the Members may be called for any purpose or purposes by the President of the Association, the Board, or by delivery of one or more written demands of the Members having at least twenty-five percent (25%) of the votes entitled to be cast at such meeting. The close of business on the thirtieth (30th) day before delivery of the demand or demands for a special meeting shall be the record date for the purpose of determining whether the demand for the special meeting has been signed by Members having at least twenty-five percent (25%) of the votes entitled to be cast at such meeting.

2.5 Notices and Quorums. Unless otherwise provided in the Declaration, written notice of any annual or special meeting of the Members shall be sent to all Members not less than fifteen (15) days nor more than fifty (50) days in advance of the meeting and shall specify the time and place of the meeting. Any notice of a special meeting also shall specify the purpose for which it is called. Unless otherwise provided in the Declaration, at any meeting, the presence, in person or by proxy, of the holders of ten percent (10%) of the votes entitled to be cast by the Members at the meeting shall constitute a quorum. If the required quorum is not present, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. Unless the vote of a greater number is required by the Declaration, the Articles, these Bylaws or applicable law, the affirmative vote of a majority of the votes represented and entitled to be cast at duly held meeting at which quorum is present shall be binding as the act of the Members. Written notice of each meeting shall be given by, or at the direction of, the Secretary of the Association or person authorized to call the meeting. Notice shall be given by mailing a copy of the notice, postage prepaid, to each Member, addressed to the Member at the address last appearing on the books of the Association or supplied by the Member for the purpose of notice.

2.6 Proxies. At all meetings of Members, each Member entitled to vote may vote in person or by proxy. All proxies must be in writing and must be filed with the Secretary of the Association before or at the time of the meeting. The Board may, from time to time, specify a specific form of proxy to be used in connection with a particular meeting. An appointment of a proxy is revocable by the Member giving the proxy unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest. Appointment of a proxy may be revoked by the person who appoints a proxy by either (1) attending any meeting and voting in person or (2) signing and delivering to the Secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form. Every proxy shall automatically terminate (a) as of the date the Member giving the proxy ceases to be a Member, or (b) eleven (11) months from the date of its execution, unless otherwise provided in the proxy. The death or incapacity of the Member who appoints a proxy shall not affect the right of the Association to accept the proxy's authority unless the Secretary or other officer or agent authorized to tabulate votes receives written notice of the death or incapacity before the proxy exercises authority under the appointment. Memberships held by a legal personal representative or by a court appointed

receiver may be voted, in person or by proxy, by the representative or receiver without the transfer (except as required under a valid voting trust agreement) of membership into the name of the trustee or receiver.

2.7 Organization and Conduct of Meeting. All Members attending a meeting of the Members shall register with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting, and all proxies must be filed with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting. After the meeting is called to order by the chair of the meeting, no further proxies or changes, substitutions or revocation of proxies shall be accepted. All meetings of the Members will be called to order and chaired by the President of the Association, or if there is no President or if the President is absent or so requests, then by the Vice President. If both the President and Vice President are not present at the meeting, any other officer of the Association or such Member of the Association as is appointed by the Board may call the meeting to order and chair the meeting. The chair of the meeting may appoint any person (whether or not a Member of the Association) to act as Recording Secretary. The chair of the meeting shall have the authority to determine the order of business to be conducted at the meeting and to establish reasonable rules for expediting the business of the meeting.

2.8 Action Taken Without a Meeting. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if one or more written consents, setting forth the action taken, is signed by the greater of (a) the percentage required under Arizona law, or (b) the percentage required under the Declaration, the Articles or these Bylaws. The consent may be executed in counterparts and shall have the same effect as a vote of the Members at a duly convened meeting. Written notice of Member approval pursuant to this Section 2.8 shall be given to all Members who have not signed the written consent. Unless otherwise specified in the consent or consents, the action is effective on the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the voting power. Any Member may revoke the Member's consent by delivering a signed revocation of the consent to the President or Secretary before the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of voting power.

2.9 Action by Written Ballot. Any action that the Association may take at any annual, regular or special meeting of the Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for action to be voted by written ballot shall: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and (3) specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall not be less than three (3) days after the date that the Association delivers the ballot. Once the Association has received a written ballot, the ballot may not be revoked. Approval by written ballot pursuant to this Section 2.9 is valid only if both the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter

at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

2.10 Irregularities. All information and/or irregularities in calls, notices of meetings and in the manner of voting, form of proxies, credentials and method of ascertaining those present, shall be deemed waived if no objection is made at the meeting or if waived in writing.

2.11 Record Date. For the purpose of determining Members entitled to notice of (or to vote at) any meeting of Members, or in order to make a determination of Members for any other purpose, the Board may direct the membership books to be closed for a stated period, not to exceed thirty (30) days prior to the event concerned.

ARTICLE 3 BOARD OF DIRECTORS

3.1 Number and Qualification. The business, property and affairs of the Association shall be managed, controlled and conducted by the Board, which shall consist of not less than three (3) nor more than fifteen (15) members (each, a "Director") determined in accordance with the Declaration. Prior to the Transition Date, the Directors need not be Members. On and after the Transition Date, all directors must be Members.

3.2 Powers and Duties. Subject to any restrictions set forth in the Articles, the Board shall have the powers and duties necessary for the administration of the affairs of the Association and may exercise and perform all of the rights, duties, privileges, obligations and responsibilities of the Board as described in the Declaration, the Articles and these Bylaws. To the extent permitted by law, the Board may delegate to one or more committees and to officers, employees or agents of the Association such duties and powers as appear to the Board to be in the best interests of the Association; provided, however, that no such delegation shall relieve the Board of its obligation to perform any delegated duty.

3.3 Election and Term of Office. The names and addresses of the persons who shall serve as the initial Directors of the Association are set forth in the Articles. Prior to the Transition Date, the Declarant shall have the absolute power and right to appoint and remove the members of the Board, including filling any vacancies in the office of any Board member. After the Transition Date, the Members shall elect two Directors for a term of two years and one Director for a term of one year. At each annual meeting thereafter, the Members shall appoint or elect, as the case may be, the number of Directors as is appropriate to replace those Directors whose terms have expired and to maintain staggered terms for the Directors for a term of two years each. If the number of Directors is increased above three after the Transition Date, the additional Directors shall be elected to serve such terms so that, to the extent possible, a proportionate number of Directors are serving in staggered terms.

3.4 Vacancies: Removal of Board Members. If the office of any Board member becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, disability or otherwise, such Board member will cease to be a Board member, and the Board member's place on the Board shall be deemed vacant. On and after the Transition Date,

vacancies on the Board shall be filled by vote of the remaining Board members, and the person selected to fill any vacancy shall serve for the remainder of the term of the Board member he replaces; provided, however, when one or more directors resigns from the Board, effective at a future time, a majority of the directors then in office, including those who have so resigned, may fill such vacancy, the vote on the vacancy to take effect when such resignation becomes effective. A Board member may be removed from the Board with or without cause in the same manner as such Board member was appointed or elected to the Board. In the event that any Director is absent from three (3) consecutive regular meetings of the Board, the Board may, by action taken at the meeting during which the third (3rd) absence occurs, declare the office of the absent Director to be vacant.

3.5 Resignation of Board Members. Any Board member may resign at any time by sending written notice of resignation to the Secretary. The resignation of a director shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of any resignation shall not be necessary to make it effective.

3.6 Regular Meetings. Regular meetings of the Board may be held at such times and places as shall be determined, from time to time, by a majority of the Directors. Notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

3.7 Special Meetings. Special meetings of the Board may be called by the President of the Association on not less than seventy-two (72) hours' prior notice by telephone or in writing signed by the President and given to each Director, personally, by mail, telephone, electronic transmission or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board also may be called in like manner and on like notice upon the written request of at least two (2) of the Directors other than the President. Notice of any such meeting need not be given to any Director who signed a waiver of notice or a written consent to holding of the meeting. Special meetings shall be held at the time and place specified in the notice of the meeting.

3.8 Waiver of Notice. Before, at, or after any meeting of the Board, any Director may, in writing, waive notice of the meeting, and the waiver shall be deemed equivalent to the giving of notice of the meeting. Attendance by a Director at any meeting of the Board shall be deemed to be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at the meeting.

3.9 Quorum. A majority of the Board shall constitute a quorum for the transaction of business, but if there is less than a quorum present at any meeting of the Board, a majority of those Directors present may adjourn the meeting from time to time. No business of the Board shall be transacted at any meeting of the Board unless a quorum is present. If a quorum is present when a meeting is convened, the quorum shall be deemed to exist until the meeting is adjourned, notwithstanding the departure of one or more Directors. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall

be regarded as the act of the Board, unless the Articles, the Declaration or these Bylaws otherwise specifically require the affirmative vote of a different number of Directors on a specific matter.

3.10 Adjournments. The Board may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the Association, provided that no meeting may be adjourned for a period longer than thirty (30) days. In addition, the Board may, with the approval of a majority of a quorum of its members, adjourn a Board meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature.

3.11 Telephonic Communication. Unless otherwise prohibited by statute or resolution of the Board, meetings of the Board, whether regular or special, may be held by means of a conference telephone call or similar communications equipment arrangement that allows all persons participating in the meeting to hear each other. Participation by means of communications equipment shall constitute presence in person at the meeting.

3.12 Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining from the Directors a unanimous written consent to resolutions specifying the action. The consent may be executed in counterparts and shall have the same effect as a vote of the Directors at a duly convened meeting of the Board.

3.13 Committees. The Board may, by resolution, appoint committees of the Board comprised of Directors, which committees shall have the powers and authority designated in the resolution or resolutions establishing them.

3.14 Compensation. No Director shall receive compensation for any service he or she may render to the Association unless such compensation is approved by Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by proxy at a meeting of the Members at which quorum is present. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties as a director.

3.15 Managing Agent. The Board may employ for the Association a "Managing Agent" at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including, but not limited to, all of the duties listed in the Declaration except for such duties and services that under the Declaration may not be delegated to the Managing Agent. The Board may delegate to the Managing Agent all of the powers granted to the Board or the officers of the Association by the Declaration, the Articles or these Bylaws other than the power (i) to adopt the annual budget, any amendment thereto or to levy assessments; (ii) to adopt, repeal or amend Association Rules; (iii) to designate signatories on Association bank accounts; (iv) to borrow money on behalf of the Association; or (v) to acquire real property. So long as the Declarant owns any Lot or Parcel, any change in the Managing Agent must be approved in writing by the Declarant.

ARTICLE 4
OFFICERS

4.1 Designation. The principal officers of the Association shall be a President, a Secretary, a Treasurer and, if deemed necessary by the Board, one or more Vice Presidents, all of whom shall be elected by the Board. The Board may appoint an Assistant Secretary, an Assistant Treasurer, and such other officers as in their judgment may be necessary. Any one individual may hold two or more offices at the same time, unless prohibited by Arizona law.

4.2 Election of Officers. The officers of the Association shall be elected from time to time by the Board.

4.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his or her successor elected.

4.4 Resignation of Officers. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. The resignation of an officer shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of a resignation shall not be necessary to make it effective.

4.5 Vacancies. A vacancy in any office may be filled by vote of a majority of the Board. The officer elected to a vacancy shall serve for the remainder of the term of the officer he replaces.

4.6 President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Board. The President shall have all of the general powers and duties that are normally vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the Directors from time to time as the President may, in the President's discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

4.7 Vice President. The Vice President, if a Vice President is chosen (or the most senior Vice President, if there shall be more than one), shall take the place of the President and perform the duties of the President whenever the President shall be absent, unable to act or refuses to act. If neither the President nor a Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. A Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board.

4.8 Secretary. The Secretary shall keep the minutes of all meetings of the Board; shall have charge of the ownership books and such other books and papers as the Board may direct; and shall, in general, perform all the duties incident to the office of the Secretary.

4.9 Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the

deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in the depositories as may from time to time be designated by the Board.

ARTICLE 5 ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay Assessments and certain other charges that are secured by a continuing lien upon the property against which the Assessment or other charge is made. Any Assessments or other charges that are not paid when due shall be delinquent and shall bear a late charge and default interest as outlined in the Declaration, and the Owner of the property against which the delinquent Assessment or other charge is made shall be liable for all collection costs, reasonable attorneys' fees, witness fees, costs and related expenses, which may be incurred by the Association in collecting such amounts or in enforcing all of the rights and remedies provided in the Declaration. Each Assessment, together with interest, penalties, collection costs, reasonable attorneys' fees, witness fees, costs and related expenses, shall be the personal obligation of the Person who was the Owner of the Lot or Parcel at the time the Assessment was due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by such successors. If more than one Person owns a Lot or Parcel, all co-Owners of the Lot or Parcel shall be jointly and severally liable for all Assessments and all collection costs, reasonable attorneys' fees, witness fees, costs and related expenses as more fully provided in the Declaration.

ARTICLE 6 MISCELLANEOUS

6.1 Books and Accounts. Subject to the provisions of the Articles, these Bylaws and applicable law, the Board, at all times, shall keep, or cause to be kept by the Treasurer, true and correct records of account in accordance with generally accepted accounting practice.

6.2 Execution of Corporate Documents. All notes, checks and contracts or other obligations shall be executed on behalf of the Association by one or more individuals as the Board shall designate from time to time.

ARTICLE 7 AMENDMENT OF THE BYLAWS

Prior to the Transition Date, these Bylaws may be amended by the affirmative vote of a majority of the Board; provided, however, that, if and to the extent that the Declaration previously has been submitted to and approved by the FHA and/or the VA and, at the time of the action in question, the applicable agency has insured or guaranteed an outstanding loan against any portion of the Property, any amendment of these Bylaws shall be subject to prior approval of the Federal Housing Administration, as applicable, or the Department of Veterans Affairs. From and after the Transition Date, any amendment to or repeal of these Bylaws shall be submitted to the Members in accordance with applicable Arizona law.

Certificate of Adoption

The undersigned secretary does hereby certify that the foregoing bylaws were adopted by the board of directors of Tartesso Community Association, pursuant to a vote of the majority of the board of directors.

Dated: March 29th, 2005.

By: Jon Munson
Name: Jon Munson
Its: Secretary